



ANNUAL REPORT

For the Year Ended

December 31, 1943



424 NORTH NINETEENTH STREET
PHILADELPHIA, PA.

OFFICE OF THE PRESIDENT

To the Stockholders of
American Stores Company:

The annual report of your company for the year 1943 is presented herewith, accompanied by certificate of Barrow, Wade, Guthrie & Co., independent public accountants.

Total sales at retail stores amounted to \$203,408,368 as compared with \$206,562,966 for the previous year. Sales to U. S. Government agencies, etc. aggregated \$8,673,813 as compared with \$2,542,586 in 1942. Consolidated net income was \$1,709,084 or \$1.31 per share, after deducting Federal and State income and excess profits taxes of \$2,775,000. This compares with 1942 net income of \$2,008,865 or \$1.54 per share, after deducting income and excess profits taxes of \$3,643,000.

There were 2,066 retail stores in operation at the end of the year, contrasting with 2,099 units at the beginning of the year. The construction of new stores and major store alterations have been greatly curtailed by reason of existing governmental restrictions.

Expenditures for additions to fixed assets during the year amounted to \$694,980 comparing with \$1,152,420 for the preceding year. Depreciation in the amount of \$1,255,979 was charged against operations, as compared with \$1,248,058 in 1942.

Settlement of renegotiable Government contracts for 1942 has been effected, under the provisions of the War Profits Control Act, and resulted in a small net refund to the Government which was charged to 1943 income account. Any refund which may be necessary with respect to 1943 profits on Government contracts is not expected to involve a significant amount.

During the year 1943, four dividends aggregating \$1.00 per share were declared, including a dividend of 25c per share payable January 3, 1944. A dividend of 25c per share was declared on January 19th, payable April 1, 1944, to stockholders of record on February 23, 1944.

At the close of 1943 there were 4,358 company employees in the armed forces of our country. Increasing manpower shortage and the difficulty of obtaining merchandise, together with price controls and other wartime regulations, have presented serious problems during the past year. The management, with the co-operation of the employees, is bending every effort to deal effectively with changing conditions as they arise.

Respectfully submitted,

WILLIAM PARK,
President.

February 28, 1944.

AMERICAN STORES COMPANY

and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1943

ASSETS

Current Assets

Cash		\$ 4,565,661
Accounts Receivable:		
Due from Relief Agencies	\$ 22,405	
Other Accounts Receivable	<u>1,097,181</u>	1,119,586
Inventories—at lower of cost or market		<u>24,422,079</u>
Total Current Assets		30,107,326

Mortgages, etc.	156,212
Post-War Refund of Federal Excess Profits Tax	<u>54,000</u>

Fixed Assets

Land, Buildings, Machinery, Equipment, Fixtures, etc.—		
at cost	21,497,872	
Less: Reserve for Depreciation	<u>9,668,333</u>	11,829,539
Unamortized Cost of Leasehold Improvements		<u>172,178</u>
Goodwill		1
Deferred Charges		
Prepaid Insurance, Taxes, etc.		<u>378,569</u>
		<u>\$ 42,697,825</u>

LIABILITIES AND CAPITAL

Current Liabilities

Notes Payable—Banks	\$ 3,100,000
Accounts Payable and Accrued Charges	5,128,896
Dividend Payable January 3, 1944	325,330
Accrued Federal and State Taxes	635,917
Reserve for Federal Income and Excess Profits Taxes....	\$ 3,083,262
Less: U. S. Treasury Tax Notes	<u>1,669,000</u>
Total Current Liabilities	10,604,405

Reserve for Contingencies	662,073
---------------------------------	---------

Capital Stock and Surplus

Common Stock—no par value		
1,500,000 shares authorized		
1,400,000 shares issued	19,374,156	
Earned Surplus	<u>15,577,300</u>	
	34,951,456	
Less: Treasury Stock—98,680 shares	<u>3,520,109</u>	31,431,347
		<u>\$ 42,697,825</u>

AMERICAN STORES COMPANY

and Subsidiary Companies

Statement of Consolidated Income and Surplus for the Year Ended December 31, 1943

INCOME ACCOUNT

Sales

Retail Stores	\$203,408,368	
U. S. Government, etc.	8,673,813	
Total Sales		212,082,181

Cost of Sales and Operating Expenses

Cost of Merchandise Sold, including Warehousing and Transportation Expenses	\$179,674,486	
Wages, Rents, Advertising, Operating and Administrative Expenses	25,763,298	
Social Security Taxes	874,508	
Depreciation	1,255,979	207,568,271
Profit from Operations		4,513,910

Interest on Bank Loans, etc.	58,972	
Less: Income from Investments, etc.	29,146	29,826
Profit before Income Taxes		4,484,084

Federal and State Income Taxes	1,060,000	
Federal Excess Profits Tax (less debt retirement credit of \$140,000 and post-war refund of \$50,000)	1,715,000	2,775,000
Net Income	\$	<u>1,709,084</u>

EARNED SURPLUS

Balance—December 31, 1942	\$	15,169,536
Net Income for year 1943		<u>1,709,084</u>
		16,878,620
Dividends—\$1.00 per share		<u>1,301,320</u>
Balance—December 31, 1943	\$	<u><u>15,577,300</u></u>

BARROW, WADE, GUTHRIE & CO.

ACCOUNTANTS AND AUDITORS

GIRARD TRUST BUILDING

PHILADELPHIA, PA.

*To the Board of Directors of the
American Stores Company:*

We have examined the consolidated balance sheet of the American Stores Company and its subsidiary companies as of December 31, 1943, and the statement of consolidated income and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated income and surplus present fairly the consolidated position of the American Stores Company and its subsidiary companies at December 31, 1943, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.

February 21, 1944.

American Stores Company

OFFICERS

<i>President</i>	William Park
<i>Vice-President and General Manager</i>	James K. Robinson
<i>Vice-President and Treasurer</i>	Wm. M. M. Robinson
<i>Vice-President and Secretary</i>	E. J. Flanigan
<i>Vice-President</i>	Fred W. Johnson
<i>Vice-President</i>	Wm. H. Eden
<i>Assistant Treasurer</i>	Wm. Gould
<i>Assistant Secretary</i>	J. V. Keers

DIRECTORS

Samuel Robinson	William Park
E. J. Flanigan	Wm. M. M. Robinson
James K. Robinson	Joseph Gilfillan
John M. Hancock	Wm. Gould
Fred J. Heaney	